

MMA Testimony on HB 5146 (MacGregor) 11-30-11

Mr. Chairman and Committee members,

I am Mike Johnston, Vice President of Government Affairs for the Michigan Manufacturers Association. Thank you for the opportunity to be here today to offer our support of HB 5146.

I am joined here today by Mr. Ed Clark Chairman and CEO of the proud Michigan based company, American Seating Company. After few introductory comments I will let Mr. Clark share his story with the committee. Also, with us is Ms. June Summers Haas from the law firm of Honigman Miller Schwartz and Cohn. June is serving as our technical expert on this issue.

MMA represents about 2,500 companies in the largest sector of Michigan's economy. While we represent some of the largest companies in Michigan, about 80% of our members have 100 employees or less.

HB 5146 is intended to clarify the Use Tax Act to ensure some manufacturers that export products to other states are not subject to double taxation. Michigan is a large manufacturing state and the goal of a manufacturing state should be to export its products and bring money back into the state.

We are concerned because we have heard from several companies that have experienced audits, initiated under the prior administration, that say Michigan companies are subject to use tax in Michigan on products that would be affixed to real property in another state. The problem is, other states will collect use tax when the product is actually affixed to real property in their state. The unfortunate result is that Michigan manufacturers are forced to pay twice. Once when the product is loaded on a truck and then again when it is installed. On top of that, the audits assign retroactive liability for several years. We support to HB 5146 to rectify this uncompetitive and unusual interpretation of the Michigan Use Tax Act.

Let me turn the mic over to Mr. Clark.